

Maryland which essentially said, if you would argue it properly, they were presenting the philosophy of the liberal approach to Government, sort of the philosophers of the left, so to say. It is their belief that Government must always grow and must always expand.

I think their real outrage comes from the fact that we are contracting the size of Government. We are saying that really it cannot be allowed to constantly grow and expand beyond the ability to pay for it. And that as we contract the size of Government we are going to return some of the benefit of the contraction in the size of Government, or at least its rate of growth—we are never going to actually downsize it, but the rate of growth—return some of the benefit of that to the people through a tax break. It is sort of like prying money out of the hand of someone who is at the door of death, the liberal philosophy being at the door of death in my opinion, to try to get them to give any money back to the American people through tax cuts.

That is what we are proposing. Think about it in the context of what these tax cuts are. They represent two-tenths of 1 percent of the total spending that the Federal Government will undertake over the 7-year period. We are going to spend \$12 trillion over the next 7 years. We are talking about cutting taxes \$245 billion. Yet, you would think that we were exercising a scorched earth policy against the actions of the Government by instituting that sort of really rather minuscule return to the American people of their benefit. Is this going to flow to the wealthy in America? First off, the resolution says it is not. The resolution says the tax cuts shall flow to the working people of America. And that is pretty obvious.

We are talking about primarily the biggest tax cut being a benefit for the working families, people with kids; a \$500 tax credit to people with kids. Now, sure, a lot of wealthy Americans have kids. A lot of middle-class Americans have kids. A lot of lower-income Americans have kids. I suspect if you were to line all those kids up and put them on a scale, you would find that the number of kids of the middle class and working Americans far exceed by a factor of millions, I suspect, the number of kids of the wealthy Americans.

So, by definition, the vast majority of this tax cut is going to flow to just plain working American families that have children. That is where it is going. And is it such an outrage to take two-tenths of 1 percent of the spending that is going to occur over the next 7 years and say we are going to rebate it to you, the American people? Well, it is, if you are a liberal, because, basically, if you are a liberal, you believe you own that money, and you should not give it up. We own it, if you look at it from a liberal perspective. We should design the programs to tell you how to run your family.

Well, what we are saying is let us let the American people have the money and manage their own families a little bit, have a little bit more money to manage their own families rather than have the Federal Government tell them how to run their families and how the money will be spent. This whole tax cut issue is really a lot of smoke from the other side both on substance and I think on policy also.

I wanted to focus a little bit today on some other issues because we have heard a lot about how we are slashing and cutting Medicare and Medicaid and we are raising defense spending, and I have not heard too many numbers that have defended that in real terms because they cannot, if you look at the numbers.

The fact is that if you take a freeze baseline—I think that is the only way to do it honestly—you say what are we spending today on Medicare; what are we spending today on Medicaid; what are we spending today on defense. Let us say it was \$100 today. Two years from now, are we going to be spending \$102 on these programs, or are we going to be spending \$98 on these programs?

That is an honest way of evaluating whether or not spending is going up or coming down. None of this current services baseline, none of this assumption baseline. It is what you actually take out and put on the table in the way of dollars for these programs. That is what counts for whether or not it goes up or it goes down.

If you look at those numbers—like everybody else in this institution, I only function now with charts—you will see that over the 7-year period, Medicare spending, off the current baseline of a freeze, which would be \$176 billion, goes up \$349 billion. That is new dollars that we will be spending on Medicare over the next 7 years over what is being spent this year.

Medicaid spending under this budget goes up \$149 billion over the next 7 years over what we are spending this year. Defense spending goes down—this number happens to be wrong; it has been reestimated—\$13 billion over the 7-year period.

So this representation that we are somehow slashing Medicare, slashing Medicaid, in order to raise defense spending is absolutely false. There is no other word for it. It is false. The fact is Medicare and Medicaid spending are going up, and this chart shows it in a bar graph. This is how much Medicare spending goes up. This is how much Medicaid spending goes up. And as you can see, it is a very sizable portion. Medicare spending is going up almost—well, better than twice Medicaid spending, but Medicaid spending is going up better than 149 times what defense spending is going up because defense spending is not going up; it is going down. And so let us have a little integrity around here when we start talking these numbers.

Some other numbers that I think are important are how these spending fac-

tors that we undertake over the next 7 years relate to the past 7 years, because we have heard a lot about how we are cutting Medicare, we are cutting Medicaid, and we are increasing defense.

Well, if you look at it in relationship to the last 7 years, defense spending was \$2.02 trillion over the last 7 years. Over the next 7 years, it is going to be \$1.88 trillion. We will spend less on defense over the next 7 years than we spent on defense in the prior 7 years.

Remember, there is no adjustment for inflation in here. That means defense is going down in hard dollars. It means defense is going down, if you look at it in inflationary dollars, even more. So defense is going down in comparison to the last 7 years.

If you look at Medicaid spending and compare it to the last 7 years, over the last 7 years we spent \$445 billion in Medicaid. Over the next 7 years we are going to spend \$772 billion on Medicaid, almost twice the amount of money we spent in the last 7 years. So we are dramatically increasing the amount we are spending on Medicaid.

If you look at Medicare, Medicare spending over the last 7 years was \$923 billion. If you look at it over the next 7 years, we are going to spend \$1.6 trillion or 73 percent more than we spent in the prior 7-year period.

How can you define that as a cut? There must be some new math that I did not learn when I was in school that you get if you go to certain schools in this country which could define an increase of 73 percent as a cut. Not only is it not a cut, it is a substantial increase.

Why are we doing this in the Medicare accounts? I think we have to understand that this budget resolution accomplishes a couple of very significant public policy events.

No. 1, of course, is it balances the budget for the first time in 25 years, which is absolutely critical to our children. We hear a lot of talk about children and concern for the children. I do not think there is any question that everybody in this institution is genuinely concerned about our children and their future and how we address them. But I cannot think of a single thing that is more important relative to our children's future than to be able to give them the opportunity to have a prosperous lifestyle. And whether or not you have a prosperous lifestyle depends on how much debt you have to pay.

It works that way in your home. If you run up a big debt and you have to pay it off, you are basically going to have a lot of trouble doing that. You are going to have to work hard, and you are probably going to work longer hours and you are probably going to find that you are able to keep less because you are paying off a big debt. This country is passing a big debt on to its kids, and unless we get this budget under control, it will get a lot bigger.